



Office of the Governor

March 29, 2004

Dear State Employees,

It is with great pleasure that I announce a very successful legislative session for state employees. As you may recall from earlier letters, we have been hard at work designing a total compensation package that is not only competitive with outside employers, but fair and consistent across all state agencies. Following the recent budget session, we have now gained full funding to move forward. Here is an outline of the money allocated by the Legislature to state employees this year:

2004 Legislative Budget Session

	<u>Governor's Budget Request</u>	<u>Legislative Appropriation</u>
External Cost Adjustment	\$ 17.8 million	\$ 17.8 million
Market Inequity Adjustment	\$ 3.2 million	\$ 3.2 million
85/15 Healthcare Coverage	\$ 25 million	\$ 25 million
Longevity Pay at \$40/mo	\$ 1 million	\$ 1 million
Total General Fund for state employees this biennium:		→ <u>\$47 million</u>

Though 47 million dollars is a remarkable victory for state employees, I know we still have many challenges ahead. Let me take this opportunity to explain the details of the total compensation package.

Healthcare coverage for you and your families will be continued at the 85 / 15 level, longevity pay will be sustained at \$40 per month, and the \$20 per month state match for deferred compensation is now part of the standard budget. Chapter 9 and 10 Rules for the new compensation plan have already been revised by a multi-agency team, and are now ready for public comment at <http://personnel.state.wy.us/>. Please take a moment to review the new rules and offer your suggestions, in writing, to the Department of A&I, Human Resource Division. Soon, another multi-agency team will begin writing the specific policies necessary to manage the pay plan, which itself, has three main phases of implementation:

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First, coming July 1, 2004, the wage freeze will end and all state employees will receive a 3% raise. In July 2005, every state employee will again receive up to a 3% raise in accordance with the Wyoming Cost of Living Index. This budget session, I expressly requested money from the Legislature to fund these external cost adjustments, and fortunately, it was granted. However, it is my goal to create a standard line item in the budget to fund annual raises into the future no matter the administration.

Also on July 1, 2004, after the 3% raises are distributed, the Department of Administration and Information has identified approximately 1100 employees who will still be earning less than the target-hiring rate for their classification. To build a fair and equitable foundation for this new pay plan, these employees will receive an additional raise to bring them up to 90% of market target hiring rate. As July 1, 2004 approaches, those receiving this additional equity adjustment will be notified.

Last but not least, the third phase of the plan involves pay for performance. As many of you noted in the employee survey last fall, there should be opportunity for advancement in state government, and meaningful recognition for exceptional performers. As you've also made clear, the current performance system needs to be enhanced if it is to accomplish these goals. Therefore, I have asked that the performance pay system be revamped and ready for implementation by July 1, 2005, for which I plan to submit a supplementary budget request to fund our new Performance Management System.

Again, I want to thank you for your patience, suggestions, and support as we launch this new pay plan. Please continue to offer your input and ideas for recruiting and retaining a quality workforce. Whether it be economic development, the wage-gender gap, or the wellbeing of children and families, many of Wyoming's needs are linked to sound wages. As the largest employer, the State must lead the way, and my commitment begins with you.

Best regards,

Dave Freudenthal
Governor